

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 09011 201033Z

45

ACTION EUR-25

INFO OCT-01 ARA-16 ISO-00 SCEM-02 SCI-06 EB-11 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

INT-08 COME-00 TRSE-00 DRC-01 /180 W

----- 035821

R 192140Z OCT 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 1552

AMEMBASSY OTTAWA

LIMITED OFFICIAL USE CARACAS 9011

E.O. 11652: N/A

TAGS: ENRG VE CA

SUBJECT: VISIT OF CANADIAN ENERGY MINISTER

SUMMARY. SUPPLEMENTING MY CONVERSATION THIS MORNING WITH CANADIAN AMBASSADOR, AS REPORTED CARACAS 9006, WE SEND FOLLOWING ACCOUNT OF VISIT CANADIAN ENERGY MINISTER WHICH BASED ON PUBLISHED SOURCES AND ON CONVERSATION WITH VENEZUELA HYDROCARBONS MINISTRY SOURCE. END SUMMARY.

1. CANADIAN ENERGYMINISTER DONAL MACDONALD, ACCOMPANIED BY ENERGY COUNSELOR OF CANADIAN EMBASSY IN WASHINGTON, NORMAN CHAPPELLE, AND FORMER CANADIAN AMBASSADOR IN CARACAS, DONALD MCPHAIL, WHO IS NOW HEAD OF ECONOMICS SECTION IN DEPARTMENT OF EXTERNAL AFFAIRS, AND OTHER EXPERTS MET OCTOBER 15 WITH VENEZUELAN MINISTER OF MINES AND HYDROCARBONS HUGO PEREZ LA SALVIA, CVP DIRECTOR GENERAL MAURICE VALERY, AND VARIOUS TECHNICIANS OF HYDROCARBONS MINISTRY. MACDONALD TOLD PRESS THAT TALKS COVERED NUMBER OF TOPICS OF MUTUAL INTEREST:

2. SHORT TERM SUPPLY GUARANTEES -- MACDONALD REPORTEDLY SAID THAT MINISTER PEREZ HAD ASSURED CANADA SUPPORT OF VENEZUELAN

LIMITED OFFICIAL USE

PAGE 02 CARACA 09011 201033Z

GOVERNMENT IN CONTINUING SUPPLY OF VENEZUELAN OIL TO CANADA. ON

THE OTHER HAND, MACDONALD WAS QUOTED BY THE PRESS AS SAYING THAT WHETHER OR NOT VENEZUELAN OIL COMPANIES HONOR THEIR CONTRACTS IS OUT OF HANDS OF EITHER VENEZUELAN OR CANADIAN GOVERNMENT. HE OBSERVED THAT ONLY INTERNATIONAL PETROLEUM COMPANIES, WHICH CONTROL WORLD TANKER FLEETS, ARE IN POSITION TO DECIDE WHETHER OIL WILL BE DIVERTED AWAY FROM CANADIAN MARKETS IN FAVOR OF OTHER MARKETS.

3. POSSIBLE LONG TERM SUPPLY GUARANTEES -- ACCORDING TO MACDONALD, THE TWO MINISTERS ALSO DISCUSSED THE POSSIBILITY OF LONG RANGE ARRANGEMENTS AIMED AT GUARANTEEING SUPPLY OF VENEZUELAN OIL TO CANADA. THIS IS TO BE DISCUSSED AT A SECOND MINISTERIAL CONFERENCE, WHICH MACDONALD REPORTEDLY SAID, IS SCHEDULED FOR SOME TIME NEXT MONTH (MINISTRY SOURCE WHO ATTENDED SESSIONS SAYS TIME FOR NEXT MEETING NOT FIXED AND MAY NOT TAKE PLACE AS EARLY AS NEXT MONTH).

4. TECHNICAL AND FINANCIAL COLLABORATION -- ALSO TO BE DISCUSSED AT PROJECTED SECOND MEETING IS POSSIBILITY OF GREATER TECHNOLOGICAL AND FINANCIAL COLLABORATION BETWEEN CANADA AND VENEZUELA IN BOTH MINING AND PETROLEUM. THIS COLLABORATION COULD TAKE FORM OF INCREASED EXPORT OF VENEZUELAN OIL IN FORM OF REFINED PRODUCTS TO CANADA OR, ALTERNATIVELY, PARTICIPATION BY VENEZUELAN STATE OIL CO. (CVP) IN CANADIAN REFINERIES. TIME FRAME FOR SUCH COLLABORATION, MACDONALD REPORTEDLY ADDED, WILL BE DICTATED BY "EMERGING IMPORTANCE OF CVP IN MARKET" (APPARENTLY THIS IS REFERENCE TO FACT THAT CVP HAS NEITHER MONEY NOR SUFFICIENT OIL FOR SUCH COLLABORATION AT THIS TIME). MACDONALD REFERRED TO POSSIBLE CREATION OF NATIONAL PETROLEUM CORPORATION IN CANADA WHICH HE SAID IS "ACTIVE POLITICAL CONSIDERATION BEFORE CANADIAN CABINET," AND NOTED THAT IT HAD BEEN MADE CLEAR THAT CVP PREFERS TO DEAL WITH STATE ENTITIES. MACDONALD ALSO REPORTEDLY MENTIONED POSSIBILITY OF VENEZUELAN-CANADIAN COOPERATION IN RESEARCH AND DEVELOPMENT OF ORINOCO TAR BELT. THIS MIGHT TAKE FORM OF SHARING COST OF TECHNOLOGY, BUT WOULD NOT LIKELY INVOLVE DIRECT PARTICIPATION OF A CANADIAN NATIONAL PETROLEUM COMPANY WHICH, GIVEN "FAIRLY SEVERE INVESTMENT DEMANDS FOR OIL IN CANADA" WOULD NOT BE LIKELY TO ENGAGE IN INTERNATIONAL OPERATIONS IN ITS EARLY YEARS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 09011 201033Z

5. VENEZUELAN MINISTRY ALSO COMMENTED TO PRESS ON MCDONALD VISIT. THEIR PRESS RELEASE OF OCTOBER 15 WAS VERY GENERAL AND STRESSED DESIRE OF BOTH COUNTRIES TO SEEK GREATER COOPERATION ON ENERGY MATTERS. FOLLOWING DAY MINISTER PEREZ ISSUED BRIEF STATEMENT SUGGESTING THAT MAIN PURPOSE OF TALKS FROM VIEWPOINT VENEZUELAN GOVERNMENT WAS NECESSITY OF FINDING MECHANISMS, FORMS OR MEANS TO INDUSTRIALIZE VENEZUELAN OIL WHICH GOES TO CANADA WITH PARTICIPATION OF CVP IN PROCESS OF INDUSTRIALIZATION IN BOTH

VENEZUELA AND CANADA.
MCCLINTOCK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA09011
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731022/aaaaapzj.tel
Line Count: 117
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 31 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Jan-2002 by martinjw>; APPROVED <14 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF CANADIAN ENERGY MINISTER SUMMARY. SUPPLEMENTING MY CONVERSATION THIS MORNING
TAGS: ENRG, VE, CA, (MACDONALD, DONAL)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005